

The Machinery for Economic Planning :

III. Regional Economic Planning Councils and Boards

A.W.PETERSON, C.B., M.V.O.

Deputy Under Secretary of State, Regional Policy, Department of Economic Affairs

To students of public administration the recent creation of Regional Economic Planning Councils and Boards will be of particular interest as a stage in the development of regional administration. I shall try, therefore, not only to describe how the new system is intended to work but to relate it to earlier thinking and practice in the field of regional administration and to possible future developments.

REGIONAL ORGANIZATION BEFORE WORLD WAR II

Regionalism in the United Kingdom is not a new idea. During this century there has accumulated an impressive body of literature on the subject, which has been admirably summarized in the recent publications by the Acton Society Trust.¹ It is an interesting comment on the stability of our institutions that so long ago as 1902 H.G.Wells was predicting the development of urban regions (of which the Greater London Council area may perhaps be regarded as first), and that in 1905 the Fabian Society issued a report on *Municipalization by Provinces* in a series whose title – the ‘New Heptarchy’ series – suggests visions of a system of executive regional government.

In the early years of this century regionalism was regarded mainly as a means of improving the efficiency of local government, no doubt because at that time central government intervention in the development of major services was much more restricted, but in the 1920's and 1930's increasing attention was given to the part which regionalism might play in the organization of central government.

One example of this was the growth of regional offices of government

¹Brian C.Smith, *Regionalism in England: 1. Regional institutions – a guide*, 1964; 2. *Its nature and purpose* 1905-1965 and 3. *The new regional machinery*, Acton Society Trust, 1965.

departments. Since the object was to improve the efficiency of particular departments, the systems of regional organization took different forms and did not follow any consistent geographical pattern.

Of greater importance to the concept of regionalism was the passing of the Special Areas (Development and Improvement) Act 1934, the first measure affecting the geographical distribution of industry. It sprang from the concern about the effects of the depression in the early 1930's on some of the old-established industrial areas and provided for the appointment of two Commissioners, one for Scotland and one for England and Wales, who were charged with the duty of facilitating 'the economic development and social improvement of designated areas' which comprised the North East coast of England, West Cumberland, South Wales and the Clyde industrial belt in Scotland. The Commissioners had wide powers and in fact spent more time on economic and social rehabilitation than on industrial development.

The growing recognition of the Government's concern with the planning of industrial growth was shown by the appointment in 1937 of the Royal Commission on the Distribution of the Industrial Population, which reported in 1940. The report contains a short, but, for our purpose, important chapter on Regionalism and the Distribution of Industry. It was not within the terms of reference of the Commission to recommend the creation of any regional system of administration, but they suggested that the better planning of industrial growth would be greatly assisted by such a system, for the following reasons:

- '(i) Depressed localities within a region would be able to call upon the co-operation and sympathy of the regional capital and of the whole region. It would be to the direct interest of all in the region to promote recovery, and some provision for regional adjustment of rates would be desirable.
- (ii) The problem of planning would be greatly simplified; the Regional Council would become the principal planning authority for the region, certainly for major regional requirements, leaving probably to joint Committees where existing, or to existing local authorities, the detailed administration of schemes. Planning would receive a great stimulus and on more comprehensive and better organized lines than is at present possible with the multiplicity of small planning authorities; and housing could be better related to industry. Larger financial resources would be made available and decentralization in proper cases could be encouraged, e.g. to satellite towns.
- (iii) Regionalism has an important bearing on future policy with regard to balanced distribution and diversification of industry. Any scheme for regulating the location of industry would be materially assisted if regional areas were established. Thus, if certain industries were prohibited in a particular town they might suitably be located in

another part of the same region and in that way the objection on the part of the town to the prohibition might be modified.'

The Majority Report of the Commission recommended that a central authority should be established (which should not be a government department) which would have powers to advise upon and regulate the location of industry. Three members of the Commission (Sir Patrick Abercrombie, Mr. Elvin and Mrs. Hitchens) went considerably further than this in a Minority Report in which they recommended the creation of a new government department for the purpose of 'controlling the location of industry throughout Great Britain, and of promoting and supervising the planning of the country for industrial, agricultural, residential, and recreational requirements'.

They envisaged that this department would take over the powers of the Commissioners for Special Areas, together with the powers of the Ministry of Health under the Town and Country Planning Act and of the Ministry of Transport under the Restriction of Ribbon Development Act and the Trunk Roads Act. They also recommended that 'for the purpose of securing close contact with local knowledge and experience and as an integral part of the machinery of his Department, the Minister (of the new department) should be charged with the duty to establish Divisional or Regional Boards to cover areas defined by the Minister, through which the Department may act for purposes of industrial location and other matters. The Boards in turn may make representations and recommendations to the Minister on their own initiative as to probable and possible developments within their respective regions and on other cognate matters.'

As is the fate of Royal Commissions, neither the Majority nor the Minority recommendation was adopted, but the Report is nevertheless a document of great historical interest in the development of thinking on regional planning.

THE WARTIME REGIONAL ORGANIZATION

During World War II there were important developments in regional administration. Regional Commissioners were appointed in ten English regions, and also in Scotland and Wales, with wide powers to co-ordinate the work of local authorities in the organization of civil defence. In practice the Commissioners and their staffs were able to exercise their functions by informal consultation and persuasion, without having to use emergency powers, and the only major field in which the functions of local authorities were superseded was in the organization of the fire service, which, during the war, became a national service under the control of the Regional Commissioners.

In the economic field also, considerable use was made of the regional organization. Regional controllers of production were appointed and the building industry and the allocation of road vehicles was controlled regionally. A particularly interesting development was the creation in 1940 of Regional Boards concerned with the problems of industrial production and output. These consisted of the regional officers of the main economic departments (such as the Ministries of Aircraft Production, Supply, and Labour and Transport and the Board of Trade) with three representatives from both sides of industry. Two important points about these bodies were that they had executive functions and that their membership was not confined to civil servants.

REGIONAL ORGANIZATION AFTER 1945

The main features of the period up to 1945 were, therefore, the growth in the devolution to regions of the functions of central departments, the development of regional machinery to co-ordinate home defence and industrial production, and the steps taken to deal with the problems of the depressed areas. In the fifteen years after the end of World War II, all three features remained as part of the organization of government, but with important changes in their form, the general effect of which was to place less emphasis on the role of the regional organization.

Thus, some departments, in particular the Ministry of Housing and Local Government, dismantled their regional organization. Those who retained it, or created a new one, adopted different forms to suit their particular functions, so that the regional pattern became increasingly varied, and there was less emphasis on inter-departmental co-ordination on the regional level. The Regional Commissioners themselves were disbanded in 1945, the regional control of production, building, and vehicles was discontinued, and the Regional Boards concerned with production became the Regional Boards for Industry, whose functions were purely advisory. The Commissioners for the Special Areas also disappeared, and responsibility for the distribution of industry became a function of the Board of Trade.

REGIONAL ORGANIZATION IN THE 1960's

The 1960's have seen a marked change in the climate of opinion on regional questions. There were, I suggest, two main reasons for this. The first was the growing complexity of the problems of physical planning, particularly for urban development and communications. The second was the realization that, despite the action which had been taken to control the distribution of industry, there remained a fundamental imbalance in the country's economy, which not only led to a waste of economic resources, particularly

of manpower, but created serious difficulties in the management of the national economy.

These ideas (which, as I said earlier, are not new in themselves) have been examined, in the context of present needs, in a series of important publications dating from 1961 onwards, to which I can only refer briefly. These are:

1. The Report of the Inquiry into the Scottish Economy (The Toothill Report), 1961.¹
2. The Report of the National Economic Development Council on *Conditions Favourable to Faster Growth*, one chapter of which deals with regional questions, 1963.²
3. The White Paper on the North East published in 1963.³
4. The White Papers on Central Scotland and Development and Growth in Scotland, 1963-4.⁴
5. The Report of the South-East Study Group and the accompanying White Paper, 1964.⁵
6. The recently published studies of the North West and the West Midlands.⁶
7. The National Plan,⁷ Chapter 8 of which deals with regional questions.

All of these are reports of official or semi-official bodies or statements of government policy. In addition there has been an increasing number of contributions to the theory of regionalism from individuals. Many of these are referred to in the study published by the Acton Society Trust and the issue of *Public Administration* for Autumn 1964 contained a particularly interesting symposium on regional questions.

The distinctive feature of this series of pronouncements on regional questions is the much greater emphasis which is placed on the economic aspects of regional policy and on the need for co-ordinated plans of regional development covering the provision of physical services as well as the stimulation or control of industrial growth. Physical planning is seen not simply as a means of providing for whatever needs may emerge but as an essential part of the process of economic development. From this follows the insistence on improved machinery for co-ordinating the work of government departments both centrally and regionally, on the need for

¹*Inquiry into the Scottish Economy 1960-1*. Report of a committee appointed by the Scottish Council (Development and Industry). Scottish Council, Edinburgh, 1961.

²*Conditions Favourable to Faster Growth*, National Economic Development Council, H.M.S.O., 1963.

³*The North East: a programme for regional development and growth*. Cmnd. 2206, H.M.S.O., 1963.

⁴*Central Scotland: a programme for development and growth*. Cmnd. 2188, H.M.S.O., 1963; and *Development and Growth in Scotland 1963-4*, Cmnd. 2440, H.M.S.O. 1964.

⁵*The South-East Study 1961-1981*. Ministry of Housing and Local Government; and *South-East England*, Cmnd. 2308, H.M.S.O., 1964.

⁶*The North West: A regional study*; and *The West Midlands: A regional study*, Department of Economic Affairs, H.M.S.O., 1965.

⁷*The National Plan*, Cmnd. 2764, H.M.S.O., 1965.

detailed regional studies and on the paramount importance of effective collaboration between central and local government.

Thus, the Toothill Report recommended that a new Scottish Department should be created, whose functions would include the Secretary of State for Scotland's non-statutory responsibility for the general oversight of the Scottish economy and his statutory functions relating to town and country planning, roads, electricity and water. This led to the creation in 1962 of the Scottish Development Department in which was concentrated the administration of the main statutory functions of the Secretary of State relating to the provision of physical services and of the Scottish Development Group which included senior representatives of all the departments, whether in London or Edinburgh, concerned with economic development in Scotland. The work of the Department and the Group, and the problems of economic planning in Scotland are fully discussed in the paper on 'The Administration of Redevelopment' by Mr. T. D. Haddow, which is included in the issue of *Public Administration* to which I have referred.

Again, the report of the N.E.D.C. emphasized the positive aspects of regional development (in which public investment as well as incentives for the expansion of private industry would play an important part) as a means of exploiting unused labour resources and correcting regional imbalance. It also suggested that regional development might benefit if policies were directed towards larger areas and towards the encouragement of growth points within these areas.

These were important features of the policy announced in 1963 for the development of North East England and Central Scotland. In both areas growth zones were created and an undertaking was given that no part of the zone would be removed from the list of development districts until there was strong evidence of general and sustained improvement in employment in the region as a whole. Particular emphasis was placed on public investment in housing, roads and other services, and on the co-ordination of government administrative machinery in the North East.

The creation in the autumn of 1963 of the new post of Secretary of State for Industry, Trade and Regional Development gave further impetus to the movement towards regionalism, and it was at this time that the detailed studies of the North West and the West Midlands were put in hand.

When the present Government came into power in 1964 responsibility for the development of regional policies was transferred to the newly-created Department of Economic Affairs, and it was announced that Regional Economic Planning Councils and Boards would be set up in the English regions, and also in Scotland and Wales. The boundaries of six of the English regions were announced in December 1964, and the picture was completed by the addition, in August 1965, of two more regions in South East England, following the Government's review of planning policy in the South East.



REGIONAL ECONOMIC PLANNING COUNCILS

When, in December 1964, the First Secretary announced his plan for the appointment of the first Regional Economic Planning Councils, he said that they 'will be concerned with broad strategy on regional development and the best use of the region's resources. Their principal functions will be to assist in the formulation of regional plans and to advise on their implementation. They will have no executive powers'; and that 'the members will be appointed as individuals, and not as delegates or representatives of particular interests'.

The membership of the Councils has been chosen to represent a wide range of experience. Most of them have about twenty-five members, among whom are people with experience in local government (either as

elected members or as officials) and in industry, together with members drawn from the universities in the region and those with experience in the field of social service. The members with local government experience have been selected from names put forward by the local authority associations and those with industrial experience from names put forward by the employers' associations and the Trades Union Council. In Scotland and Wales the Council members are appointed by the Secretary of State, and the Chairman of the Council is a Minister. In England, appointments are made by the First Secretary, and the Chairmen include men prominent in the fields of local government, industry, and the universities.

Except for the Councils for the South East Region and East Anglia, the members of which have only recently been appointed, the Councils started their work in the Spring of this year and have been meeting at monthly intervals. Most of the Councils have found it necessary to appoint sub-committees to consider particular aspects of regional planning such as communications, land use, industrial structure, and the problems of labour mobility.

The Chairmen of the Economic Planning Boards regularly attend the meetings of the Council, and regional officers of other departments are invited to attend for discussion of items of particular interest to their department. Officials also attend meetings of the Council's sub-committees, and the Planning Board Secretariat also service the Councils. This close collaboration between the Councils and the Boards is a most important feature of the new regional machinery.

REGIONAL ECONOMIC PLANNING BOARDS

The Economic Planning Boards consist of senior regional officers of the departments concerned with economic planning, such as the Board of Trade and the Ministries of Labour, Housing and Local Government, Transport, Technology, Agriculture, Public Building and Works, Power, and Land and Natural Resources. On the Scottish and Welsh Boards, representatives of the Scottish and Welsh Offices take the place of representatives of those English departments that do not operate in those countries. Contact is maintained with the nationalized industries through the responsible departments. In England, the Chairman is an official of the Department of Economic Affairs. The Boards meet regularly at monthly intervals, and their meetings are attended, whenever possible, by the Chairmen of the Economic Planning Councils. Other meetings are arranged to consider particular questions in which several departments have an interest. Arrangements have been, or are being, made to house the staffs of all the departments with a major interest in regional economic planning in the same building. In Scotland, the Chairman of the Board is an officer of the Scottish Office, and in Wales, of the Welsh Office.

THE WORK OF THE COUNCILS AND BOARDS

The Councils and Boards, like the Department of Economic Affairs itself, are concerned with the long-term implications of economic planning. Their contribution will be made in two ways: first, by assessing the economic potential of each region, and the measures which are needed to realize it fully, including social measures, such as those designed to make the region more attractive; and secondly, by ensuring that full weight is given to the regional implications of national policies. These are complementary functions, but particular importance must be attached to the first, since it is by establishing a more detailed assessment of a region's potential that the Councils and Boards can make an increasingly useful contribution to the formation of national policy. Much of their work will therefore be concerned with the sort of economic analysis on which a start has been made in the regional studies published in recent years. This aspect of regional economic planning is difficult and time-consuming, and there is much scope for improving the techniques of analysis. It is best regarded not as something which can produce quick and definite results in terms of proposals for action, but as a dynamic process which will gradually enlarge and deepen understanding of the factors which may affect economic growth in each region, and of the policy measures which are needed to ensure that regional growth follows a pattern which is most likely to be of benefit to the national economy.

Meanwhile, decisions have to be taken by the Government, both on general economic policy and in the field of communications and physical planning which will have important long-term effects on the economy of the regions. Some of these decisions will be dictated by national considerations, but the Councils and Boards will be able to play an increasingly useful part in advising on the practical implications of national policy at the formative stage. Their advice has already been sought on the proposals of the National Ports Council for the development of major ports, and on the long-term road programme.

The regional organization has also an important part to play in the implementation of national policy. Thus, the Councils have been consulted about the regional implications of proposed railway closures and will be considering the effects of the re-organization of the coal industry which has recently been announced.

In addition to their main task of ensuring that national and regional economic planning marches in step, the Councils can do a great deal to encourage local authorities and unofficial organizations to adopt a regional approach to common problems. In many fields, such as technical education, the arts, tourism, and the rehabilitation of derelict land, the benefits are regional rather than local, and sufficient resources can be mobilized only by co-operative effort. With their wide membership, the Councils are particularly well fitted to take the initiative in stimulating action in these fields.

Finally, the Regional Boards can make an important contribution to the efficiency of government administration in the regions by strengthening the co-operation between departments and reducing delays which may be caused by the need for inter-departmental consultation at the Whitehall level.

RELATIONS BETWEEN THE REGIONS AND WHITEHALL

An essential requirement for the effective functioning of the regional organization is a good system of communications with the central departments concerned with regional economic planning. It has long been the practice for departments with regional offices to have regular meetings with their regional representatives, and since the Economic Planning Boards were set up arrangements have been made for monthly meetings with all Board Chairmen, under D.E.A. chairmanship, in which senior members of other divisions of the Department of Economic Affairs besides the Regional Policy Division, and also of other departments will take part. Formal arrangements also exist for the discussion of questions affecting regional economic planning between representatives of the central departments concerned. Officials of the Department of Economic Affairs also attend meetings of the Regional Boards.

The Chairmen of the Economic Planning Councils meet together regularly, sometimes among themselves, and sometimes with D.E.A. Ministers. The First Secretary and other Ministers will periodically hold meetings with the Council Chairmen and representatives of both sides of industry, local authority associations and other organizations concerned with regional planning to discuss the work of the Councils and Boards.

There is also close day-to-day contact between the Regional Policy Division of the Department of Economic Affairs and the Chairmen of the English Boards and their staff. The Regional Policy Division has three functional branches, each of which deals with general policy on a number of aspects of regional economic planning. Questions of specific interest to a particular region are dealt with by the Board Chairmen, who will if necessary consult the appropriate Headquarters branch. It is often necessary to consult other departments, either regionally or centrally. The system is designed to place responsibility for the implementation of regional economic planning on the Regional Boards, while ensuring that regional planning is integrated with national policy.

RESEARCH

One field in which co-operation between the regional organization and the centre is particularly important is that of research and economic analysis. At the regional level, the Department of Economic Affairs will

have research staff in each region, who will work closely with the regional research staff of other departments. It is the intention also to appoint part-time research advisers from local universities, and to involve the planning staffs of local authorities in the detailed work of regional planning so far as this is practicable. The universities are already undertaking specific research projects in the field of regional economic planning, and it is hoped to commission further projects. The Planning Councils, whose membership includes a number of people from the universities, have shown great interest in the development of research.

In the Department of Economic Affairs itself, three members of the Planning Division (two economic advisers and a statistician), specialize in regional questions and are available to advise the Regional Boards and their research staff.

The planning of research, particularly in such a wide field, should not be too rigid, but suitable arrangements are needed for the interchange of information between those engaged in research, both in the regions and centrally. By this means unnecessary duplication of effort can be avoided, and research projects can be planned so as to supplement one another. The general programme of research was the subject of a recent conference at which representatives of the Planning Councils and Boards and of the Department of Economic Affairs and other departments met under the Chairmanship of Mr. William Rodgers, one of the Parliamentary Under-Secretaries in the Department of Economic Affairs.

FUTURE OF THE REGIONAL ORGANIZATION

Descriptions of bureaucratic machinery are like the instructions one gets with household appliances. The parts of the machine are listed more or less intelligibly, and the way in which they are intended to function is described in deceptively simple terms. It is only by experience that one learns how the machine behaves in practice and which parts of it are awkward to handle.

The new regional organization has not been in existence long enough to display all its capabilities and weaknesses, and it is a little early to judge how it may develop. It will be particularly interesting to see how the new machinery can usefully supplement the existing organization of central and local government whose powers, as has been emphasized, are not affected by its creation.

How far, for example, can the Economic Planning Councils, which have no executive powers and no elective responsibility, exert a real influence on the major decisions of policy which affect regional planning? They must ensure that the advice which they give commands general support in the region (although it will not always satisfy the aspirations of particular interests) and at the same time they must avoid putting forward

claims for preferential treatment for the region which are manifestly inconsistent with a realistic national policy.

This is a delicate undertaking, and two things are essential to its success. First, the Councils will need to establish a reputation as bodies whose conclusions are supported by the best possible assessment of the region's economic potential. Secondly, they must enjoy the confidence not only of central but of local government, so that they are consulted about questions of policy which have regional implications, while these are under consideration either centrally or locally.

Given these two things, the Councils will be able to play an important part in ensuring that policy decisions take full account of economic considerations, as they affect the region as a whole, although the decisions themselves will continue to be the responsibility of the two executive bodies, central and local government.

Again, how far can the Planning Boards provide effective machinery for co-ordinating the execution of government policy at the regional level? There is a difference here between the position in England and that in Scotland and Wales, where the Scottish and Welsh Offices have direct responsibility for most of the physical services, and are represented on the Boards by headquarters officers, who are, moreover, all responsible to the same Minister. In England, all the members of the Boards are responsible to their own Ministers, and the Board is in effect an inter-departmental committee at the regional level. The effectiveness of the regional organization as a whole will therefore depend on the degree of delegated responsibility which central departments are prepared to give to their regional representatives, and the extent to which differences between departments can be resolved at the regional level. The limits of what is possible can only be discovered by experience, but it is reasonable to expect that the Boards will strengthen the machinery of government by giving a greater regional content to the consideration of policy issues and by providing a better instrument for working out the practical implications of policy as it develops. The quality of the material on which Ministers have to reach decisions should be improved, partly because the inter-departmental examination of planning problems at a regional level can be more exhaustive, and partly because the close links between the Boards and Councils will provide a more effective means of obtaining advice from people outside the government service, and of assessing local opinion. Co-ordination of executive action should also be more readily achieved at a regional level than it could be centrally, where the emphasis tends to be on broad financial control. As Sir Eric Roll has said of the Department of Economic Affairs as a whole, the function of the regional organization is to provide more selective economic tools to supplement the macro-economic approach to the problems of regional imbalance.

These questions about the effectiveness of the new regional organization assume the continuance of the existing pattern of central and local govern-

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ment. If that pattern is not regarded as immutable, other more fundamental questions arise. For example, would it be desirable or practicable to create in England a system of regional organization based on the Scottish pattern, in which the major functions affecting the regional development of physical services would become the responsibility of a single Minister? What would be the effect on regional planning of changes in the structure of local government, on which there has been much discussion in recent months? Is there a case for elected Regional Councils, or are there less radical changes in local government structure which would make regional planning more effective?

The fact that such questions are being asked suggests that it would be premature to regard the present form of regional organization as a final solution. They may to some extent have been stimulated by its creation, and the experience gained in its operation should certainly provide a useful indication of the need for structural changes of a more radical kind.